

DIRECT TESTIMONY

OF

THERESA EBREY

ACCOUNTING DEPARTMENT

FINANCIAL ANALYSIS DIVISION

ILLINOIS COMMERCE COMMISSION

CITIZENS UTILITIES COMPANY OF ILLINOIS  
d/b/a CITIZENS WATER RESOURCES

DOCKET NO. 00-0194

May 24, 2000

**OFFICIAL FILE**  
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Witness [Signature]  
Date 8/1/00 Reporter [Signature]

**Witness Identification**

**Q. Please state your name and business address.**

A. My name is Theresa Ebrey. My business address is 527 East Capitol Avenue, Springfield, Illinois 62701.

**Q. By whom are you employed and in what capacity?**

A. I am an Accountant in the Accounting Department of the Financial Analysis Division of the Illinois Commerce Commission (Commission).

**Q. What is the function of the Commission's Accounting Department?**

A. The Department's function is to monitor the financial condition of Illinois public utilities as part of the Commission's responsibilities under Article IV of the Public Utilities Act (220 ILCS 5/1-101 *et seq.*) and to provide accounting expertise on matters before the Commission.

**Q. Please describe your educational and professional backgrounds.**

A. I have a Bachelor of Science degree in Accounting from Quincy College. I am a Certified Public Accountant. My prior accounting experience includes

23 fifteen years as the corporate controller of a large long-term care facility in  
24 Illinois, as well as a period of time employed as an outside auditor of  
25 governmental agencies. I joined the Commission's Staff (Staff) in April  
26 1999.

27

28 **Q. Have you previously testified before a regulatory body?**

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30 A. Yes, I have testified before the Commission on several occasions.

31

32 **Q. What are your responsibilities in this case?**

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34 A. I have been assigned to this case by the Director of the Commission's  
35 Accounting Department to review the Petition for a Certificate of Public  
36 Convenience and Necessity to provide water and sanitary sewer service to  
37 parcels in McHenry County, Illinois pursuant to Section 8-406 of the Public  
38 Utilities Act and for approval of a contract as filed by Citizens Utilities  
39 Company of Illinois (Citizens), analyze the underlying data, and propose  
40 recommendations where appropriate.

41

42 **Purpose of Testimony**

43

44 **Q. What is the purpose of your testimony?**

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46 A. The purpose of my testimony is to present my comments and  
47 recommendations regarding the Asset Purchase Agreement included in the  
48 Company's Petition.

49

50 **Q. What accounting issue or issues are involved in this proceeding?**

51

52 A. Citizens is seeking approval of an Asset Purchase Agreement which outlines  
53 the purchase of water and sewer facilities from Terra Cotta Realty Co. (TC).  
54 The Accounting issue involved in the approval of this contract is verifying that  
55 Citizens has complied with the Uniform System of Accounts for Water  
56 Utilities Operating in Illinois (USOA) in its treatment of this transaction.

57

58 **Q. What steps were included in your review of the Citizens - TC contract.**

59

60 A. I analyzed the Petition and Asset Purchase Agreement filed by Citizens, the  
61 Company's responses to numerous data requests, the journal entries  
62 proposed by Citizens to record the purchase of the assets from TC, and the  
63 supporting documentation of the original cost of the assets purchased.

64

65 **Journal Entries**

66    **Q.    Do you have any comments regarding the journal entries recording**  
67           **the purchase of the assets?**

68    A.    Yes. Account 104 -- "Utility Plant Purchased or Sold" -- of the Commission's  
69           Uniform System of Accounts (83 Ill. Adm. Code 605) states:

70           "A. This account shall be charged with the cost of utility plant acquired  
71           as an operating unit ...and shall be credited with the selling price of  
72           like property transferred to others pending the distribution to  
73           appropriate accounts in accordance with Accounting Instruction 21.  
74           B. Within six months from the date of acquisition or transfer of  
75           property recorded herein, the utility shall file with the Commission the  
76           proposed journal entries to clear from this account the amounts  
77           recorded herein."

78           The Company has indicated their intention to comply with part A in their  
79           responses to Staff data requests TEE 2.01 and TEE 2.02. Staff requests  
80           that when the Company complies with part B, the journal entries also be  
81           provided to the Commission's Director of Accounting at the time they are  
82           filed with its Chief Clerk's office.

83           **Conclusion**

84    **Q.    Please summarize your conclusions and recommendations.**

85    A.    I recommend that when the Petitioner files the journal entries recording the  
86           transaction with the Chief Clerk's Office, it also provide a copy to the  
87           Commission's Director of Accounting.

88

89 Q. **Does this conclude your prepared direct testimony?**

90

91 A. Yes.